



Army Contracting Agency Northern Region Contracting Officer Representative Training

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Administrative Announcements

- ❑ What we'll cover in two days
 - Day and a half DAU training
 - Half day panel discussion
- ❑ Start times
 - 0800
- ❑ Breaks, bathrooms
- ❑ Open discussion and Q&A
- ❑ Instructor and student introductions



Outline of Training

- DAY 1
 - ❑ Overview of Acquisition Phases
 - ❑ Authorities to Contract
 - ❑ COR Duties and Responsibility
 - ❑ Ethical Responsibilities
 - ❑ Mission Performance Assessment
- DAY 2
 - ❑ Mission Support Planning
 - ❑ Mission Planning Execution
 - ❑ DAU COR resources
 - ❑ Panel Discussion
 - ❑ Wrap up and critiques



Welcome to the Acquisition Team





Goal of the Acquisition Process

- The Goal of the Federal Acquisition System is to deliver on a *timely basis* the **best value** product or service to the *customer*, while maintaining the *public's trust* and *fulfilling public policy objectives*.
- What is Best Value and who defines it??



ACQUISITION PROCESS OVERVIEW

Being Part of a Team Effort



- ❑ Acquisitions are conducted by teams of people, working cooperatively toward a common goal.
- ❑ Establishing a joint partnership between you and your contracting officer is essential.
- ❑ The COR is identified as the primary focal point for customers to provide contractor performance feedback or contract technical requirements.



The Acquisition Team

- ❑ User, Customer
- ❑ Functional community
- ❑ Program Manager
- ❑ Contracting Officer/Business Advisor
- ❑ Small Business Specialist
- ❑ Budget Officer
- ❑ Engineer in Charge
- ❑ COR
- ❑ Legal
- ❑ Technical Reps
- ❑ Environmental Personnel

Mission Outcomes to be Achieved





FAR Part One Challenge

□ Vision:

- All participants are charged with making decisions that deliver the best value product or service to the customer

□ Performance Standards

- Satisfy the customer – cost, quality, and timeliness of delivered product or service
- Minimize administrative operations cost
- Conduct business with integrity, fairness and openness
- Fulfill public policy objectives

□ Exercise personal initiative and sound business judgment to provide best value

- In exercising initiative, actions that ensure the best interests of the government are within your authority unless they are specifically prohibited by law or policy



Phase I-Mission Support Planning



The acquisition process begins when a mission capability is identified which can not be met from existing resources.

Mission Capability Need

The process consists of three major phases

Mission Support Planning

Mission Planning Execution

Mission Performance
Assessment



Phase I - Mission Support Planning



Key decisions during the Mission Support Planning phase:

- Create performance requirements document that captures mission performance needs and that industry can understand
- Identifying market business practices and potential sources
- Budgeting and funding sources
- Determining if a commercial item or service will meet the need
- Small business supplier opportunities
- Synthesize an acquisition strategy that leverages the best contracting approaches to deliver the Best



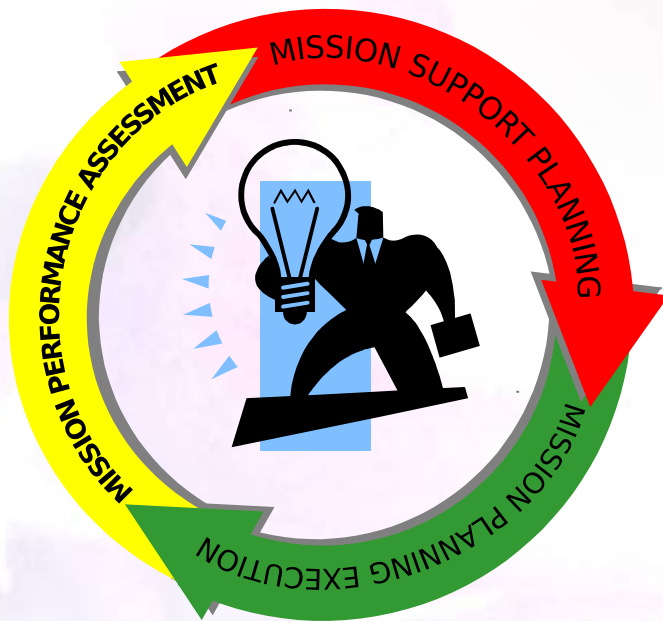
Phase II - Mission Planning Execution



- This phase executes the planning created in the first phase by
 - Creation of a solicitation which explains to industry our needs and explains how the government will evaluate their proposals.
 - Receive industry proposals that state how they plan to meet those needs.
 - Review and evaluate their proposals
 - Make an award determination based upon the evaluation criteria cited in the solicitation.
- Award of a contract completes the execution phase.



Phase III Mission Performance Assessment



The final phase is usually the longest part of the Process because service or production contracts can last for five years or more. During that time the COR's key role is to observe, document and communicate contractor performance both to the contracting officer and the contractor.

This part of the process involves two key areas: administering contract requirements such as invoicing

And payments; and managing the relationships and expectations of both the contractor and customers in

meeting the terms of the contract and achieving the required mission performance results.



Authority to Contract

- ❑ The Government has the inherent authority to procure items and services to carry out specific duties for the public good.
- ❑ It must delegate the necessary authority to departments and ultimately to individuals within those departments to obligate the Government's money to meet its needs.
- ❑ After completing this lesson you will be able to:
 - Identify the classifications of contracts
 - List the frequently used contract types
 - Identify the difference between real and apparent authority
 - Itemize the conditions that must be met before becoming a Contracting Officer Representative



US Federal Hierarchy of Authority

Constitution of the United States

Statutes and Public Laws

Executive Orders

OMB Circulars/OFPP Policy Letters

Federal Acquisition Regulation (FAR)

Defense Supplement (DFARS)

Agency Supplements



What the Contract does

- A contract creates **legal rights and duties** stemming from a bargain or promises between people. People, businesses and the Government need to know that their business dealings and agreements with others will be legally binding and enforceable. The contract accomplishes this.
- A contract is a **mutually binding legal relationship** obligating the seller to furnish supplies or services (including construction), and the buyer to pay for them. The legal concept of contracts helps to assure people that their **reasonable** expectations from the promises and bargains they enter into with others will be met.



Contract Type Spectra

FFP CPAF	FP/EPA CPFF	FPAF	FPIF/FPIS	CPIF
HIGH RELIABILITY RELIABILITY OF COST ESTIMATE OF COST ESTIMATE				LOW
HIGH CONFIDENCE CONFIDENCE OF OUTCOME OF OUTCOME				LOW
PRICE ANALYSIS ANALYSIS				COST
RISK TO CONTRACTOR GOVERNMENT			RISK TO	
Micro Systems	Simplified	Commercial		
Purchase Development	Acquisition	Acquisition		



Supplies and Services

- We use contracts to create a legally enforceable document that supports the Government's purchase of supplies and services. The contractor may provide a supply item (supply contract) or a service item (service contract) to the Government.
- Supply contracts are employed to obtain spare parts for weapon systems, clerical supplies, food for the commissary, military uniforms, etc. Compared to contracts for services, supply contracts are relatively straightforward.
- Service contracts require the COR to carefully document contractor performance.
- Let's examine this category of contract in more detail!



Service Contracts

- A service contract requires a contractor to perform an identifiable task rather than to furnish an end item of supply.
 - May be either a **nonpersonal services** or **personal services** contract. It may involve services performed by "professional" or "nonprofessional" personnel, whether on an individual or organizational basis.
 - Government policy is to use performance-based contracting methods and nonpersonal services rather than personal services to the maximum extent practicable.
- Personal services are characterized by an employer to employee relationship created between the Government and the contractor's personnel.
 - Obtaining personal services by contract rather than by direct hire circumvents federal laws unless Congress has specifically authorized acquisition of personal services by contract.
 - Agencies cannot award personal service contracts unless specifically authorized by federal statute.



Nonpersonnal Service Contracts

- A nonpersonal service contract is “a contract under which the personnel rendering the services are not subject, either by the contract’s terms or by the manner of its administration, to the supervision and control usually prevailing in relationships between the government and its employees.”
- The Government may be liable for a claim if, under a nonpersonal services contract, the Government:
 - Changes a contractor employee's duty hours from those specified by contract
 - Requires the employee to report to a Government employee
 - Requires the employee to complete inherently governmental forms or maintain contractor personnel records (such as time cards)
 - Grants contractor employee requests for leave
- It is essential to exercise caution during the post-award administration of a contract in order to prevent nonpersonal service contracts from becoming *de facto* personal service contracts. Performance work statements that clearly specify worker duty hours and the contractor’s responsibility for supervising its employees can help prevent this problem.



Creation of Agency in Government Contracting

- **Agreement:** Created by agreement between the principal and agent. The principal can confer authority on an agent only if he or she agrees to accept it.
- **Estoppel:** When an agent has **NO real authority** to deal with third parties on behalf of the principal and the principal takes no action to stop the agent, the courts may determine that agency has been created by "estoppel." *For example*, a COR may be planning to direct a contractor to perform work that is outside the scope of the contract and tells the Government Contracting Officer about the plan. If the Contracting Officer does nothing to stop the COR from doing this, the Government may be bound by estoppel to pay the contractor for the outside of scope work.
- **Ratification:** Sometimes an agent exceeds his or her authority and attempts to bind a principal to an agreement that is clearly unauthorized. Ratification means acceptance, express or implied, of the agreement. Ratification treats the transaction as though the agent had authority from the outset.
- **Operation of Law:** Agency can be created by operation of law. Many states pass statutes that create an agency relationship.

Contract Authority and the Law of Agency



Principal



"Agent"
Contracting Officer

Contracting Officers
Warrant



contract
contract

Third Party
Contractor
relationship with a
third party (the



- One party (The Principal) appoints another party (the Agent) to enter into a business or contractual relationship with a third party (the



Authority of an Agent

- **Real Authority**: Authority manifested by the principal to the agent either expressly or by implication. Two kinds of real authority are express and incidental. A principal confers express authority upon an agent when he or she explicitly authorizes the agent, either orally or in writing. By virtue of giving an agent express authority to act, a principal also consents to any authority that is normally incidental to carrying out his or her duties.
- **Apparent Authority**: Though a person has no real authority to act as an agent, he or she may nevertheless have apparent authority to do so. Apparent authority is authority that results from an appearance of authority created by the principal.
- The Federal Government is **not bound by apparent authority**. When a Government employee acts as if he has authority that he does not actually have when dealing with third parties, the Government is not bound by his actions. When acting as an agent for the Government, you need to:
 - Understand ratification and when it is used
 - Use caution when dealing with third parties
 - Thoroughly understand the Anti-Deficiency Act



Two important terms to understand

- **Unauthorized Commitments:** The Contracting Officer is the only agent of the Government who is authorized to obligate the Government. When others make commitments that only a warranted Contracting Officer can make, these are called unauthorized commitments.
 - **IF** the Government decides to be bound by such a commitment, it must be ratified. CORs must be vigilant to avoid the *appearance* of having authority to make changes to the contract.
- **Ratification:** Occurs when an authorized official approves an unauthorized commitment. FAR 1.602-3 (Ratification of Unauthorized Commitments) explains that although procedures are provided for ratifications, they must be used with great discretion. Ratifications may be made only when:
 1. The items have been **accepted** by the Government, or will obtain a benefit resulting from the unauthorized commitment;
 2. The ratifying official has the **authority** to enter into a contractual commitment;
 3. The resulting agreement would otherwise have been **proper** if made by a Contracting Officer;
 4. The CO reviewing the unauthorized commitment determines the price to be **fair and reasonable**;
 5. The CO recommends payment and **legal counsel** concurs in the recommendation, unless agency procedures expressly do not require such concurrence;
 6. Funds are **available** and were available at the time the unauthorized commitment was made;
 7. The ratification is in accordance with any other **limitations** prescribed under agency procedures.



Contracting Officer's Authority

Three different types of contracting officers depending on their roles and agency procedures. A contracting officer shall insure that all laws, regulations and approvals are followed and obtained; that funds are available; that contractors receive impartial, fair and equitable treatment; and that request for and advice of specialists is sought.

Procuring Contracting Officer or (PCO) handles all planning and contract actions up to contract award

Administrative Contracting Officer or (ACO) assumes responsibility for administering the day-to-day contractual activities after award

Termination Contracting Officer or (TCO) is responsible for negotiating any Termination settlements with the contractor

With Authorization to Designate a Contracting Officer's Representative



Authority to Designate a COR

- ❑ A candidate is often nominated by the Program Manager or other individual from the requiring organization
- ❑ Only the Contracting Officer can officially designate a COR.
- ❑ Contracting Officer must determine that the COR has adequate training and proper technical skills.
- ❑ Specifically, the COR:
 - Must be a Government employee unless otherwise authorized in agency regulations.
 - Must be qualified by training and experience commensurate with the responsibilities delegated
 - May not be delegated responsibility to perform functions at a contractor's location that have been delegated under FAR 42.202(a) to a contract administration office.
 - May not be delegated authority to make any commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract.
 - Must be designated in writing.



Role of the Contracting Officer's Representative

COR is the eyes and ears of the Contracting Officer



- **Technical Expert in the area of the contracted effort**
- **A government employee**
- **Key COR functions are to Observe, Document and Communicate contractor performance to contracting officer and contractor.**
- **Has expressed authorities contained in COR designation letter**
- **Has the main role in clarifying technical aspects of the PWS/SOW.**
- **COR may be the certifying officer for payment of contractor's invoices**



COR Responsibilities

- ❑ Maintain a professional, arms-length relationship with the contractor;
- ❑ Keep CO fully informed of any technical or contractual difficulties encountered
- ❑ Assure the CO that the contractor's performance meets the technical requirements, terms, and conditions of the contract;
- ❑ Inform the contractor of failures to comply with the technical requirements of the contract;
- ❑ Coordinate site entry for contractor personnel as needed;
- ❑ Ensure that any Government Furnished Property is available when needed and is being accounted for by the appropriate property personnel;
- ❑ Ensure that all required items, documentation, data, and/or reports are submitted as required by the contract;
- ❑ Evaluate proposals and participate in negotiations for contract modifications and claims, as requested by the Contracting Officer;
- ❑ Review vouchers for cost-reimbursement type work and recommend approval/disapproval to the Contracting Officer
- ❑ Review and process invoices and vouchers in a timely manner in accordance with the Prompt Payment Act;
- ❑ Document decisions made and actions taken as the COR;
- ❑ Maintain adequate records to sufficiently describe the performance of duties as COR during contract performance;
- ❑ Provide the Contracting Officer with a copy of any correspondence sent to the contractor;
- ❑ Conduct site visits at the location(s) where the work is being performed;
- ❑ Verify that required Dept. of Labor and Equal Employment Opportunity documents are posted in view of employees;
- ❑ Perform final inspection and acceptance of all work required under the contract



Things Not to Do

- ❑ Award, agree to, or sign any contract, delivery order or task order. (Exception: Delivery orders or task orders for \$2,500 or less when authorized by the Contracting Officer in the contract's ordering procedures section.)
- ❑ Make any commitments or otherwise obligate the Government to make any changes to the contract. This does not preclude the COR from providing technical interpretation or guidance on the existing contract.
- ❑ Grant deviations from, or waive any terms and conditions of, the contract.
- ❑ Require the contractor to perform any task or permit any substitution not specifically provided for in the contract.
- ❑ Increase the dollar limit or authorize work beyond the dollar limit of the contract; authorize the expenditure of funds.
- ❑ Give direction to the contractor or to its employees except as provided for in the contract.
- ❑ Change the period of performance.
- ❑ Authorize the purchase of equipment or the furnishing of Government property, except as authorized under the contract.
- ❑ Authorize subcontracting or the use of consultants.
- ❑ Supervise, direct or control contractor employees.
- ❑ Approve travel and relocation expenses over and above that provided for in the contract.
- ❑ Authorize the use of overtime.

Cancellation or Resignation of COR Appointments



□ Cancellation or Resignation of COR Appointments

- Contracting officers have the authority to cancel COR appointments of individuals who are not, in the judgment of the contracting officer, fulfilling their COR duties satisfactorily or staying within the limits of their COR authority.
- Cancellation actions are taken only in serious circumstances and only after the contracting officer has attempted to have the COR correct the problem and has enlisted the assistance of the COR's supervisor, if necessary.

□ COR's Performance Evaluations

- Supervisors of COR's are encouraged to include successful contract management in performance criteria for individuals with contract management responsibility. Supervisors are encouraged to seek input from the contracting officer when preparing the COR's performance rating



Read and Understand the Contract

- Your first task is to read the contract for which you've been assigned and continue to read it often throughout your assignment as a COR. The Uniform Contract Format specifies the 13 sections of a contract and the sequence in which they must be arranged.

Section A	Solicitation/Contract Form
Section B	Supplies or Services And Price/Costs
Section C	Description/Specification/Statement Of Work
Section D	Packaging And Marking
Section E	Inspection And Acceptance
Section F	Deliveries And Performance
Section G	Contract Administration Data
Section H	Special Contract Requirements
Section I	Contract Clauses
Section J	List Of Attachments
Section K	Representations, Certifications And Other
Statements Of Offerors	
Section L	Instructions, Conditions, And Notices To Offerors
Section M	Evaluation Factors For Award





Understand the contract



Things to ask yourself when you are reviewing the contract:

What type of contract is it?
What are the deliverables?
Are we requiring any reports?
What are the invoice procedures?
Are there any testing, safety, or security requirements?
Are there any special provisions that must be followed (usually found in Section H)?

Section B (Supplies or Services And Price/Costs) and **Section C** (Description/Specification/Statement Of Work) of the UCF are particularly important to the COR, as these two sections together describe the supplies and/or services that the contractor must provide.



Time for a Break





in-teg-ri-ty (in-tĕg'ri-tē) *n.*
 1. The state of being honest, honest values, artistic principles, honesty, unity. — Such, from Latin *integer*, whole, complete, from Old Latin *integer*, whole, complete, from *integer* (man) *n.* An



Ethics and Integrity are Essential

- Ethics and Integrity in our personnel and professional conduct are absolutely essential to maintain the public's confidence in our acquisition process.
- We have all read in the news about high level officials and line workers committing violations of public law or ethical practices in dealing with contractors.
- Their improper conduct taints the process and places an even higher burden on all of us to conduct our affairs with the highest standards of ethical behavior.



FAR 3

PROCUREMENT INTEGRITY

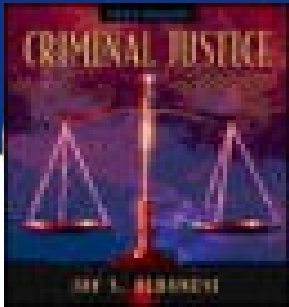
Prohibition against:

- Accepting gratuities
- Releasing procurement sensitive information
- Releasing proprietary information
- DoD 5500.7 Joint Ethics Regulations



Standards of ethical conduct

(Government personnel)



- **Soliciting or accepting bribes**
 - May not solicit or accept any gratuity, gift, favor, entertainment, loan, or anything of monetary value
 - Criminal offense to seek, receive, or agree to accept anything of value
 - Being influenced in an official act
 - Committing or allowing fraud
 - Violating lawful duty
- **Employment by contractors**
 - Time varies - from one to two years
 - Procurement Integrity Act
- **Organizational Conflict of Interest**
 - COR must not influence or participate in dealings on behalf of the government with any contractor with whom he or she has a financial or personal interest



Identifying Indicators of Fraud

- Fraud is the intentional presentation of falsehoods as truth with the goal of causing someone to part with something of value under false pretenses. Violators can receive punishments of prison time from 5 to 10 years and/or receive fines from up to \$250,000. Contracting and procurement fraud schemes involve:
 - Product Substitution
 - Defective Pricing
 - Cost Mis-charging
 - Price Fixing
 - Fabrication of Records
 - Bribes, Gratuities and Kickbacks
 - Government Employee Collusion and Fraud
 - Individual Fraud
- You have an obligation to report any suspected violations or wrong-doings. You should report your suspicions to your organization's chain of command.



Basic Information Regarding Contractor Employees

- CORs interact with contractor employees daily, you must keep in mind that they are not Government employees. The terms and conditions of the contract define the obligations of each party and the contractor's performance requirements. It is important to understand that Federal and DoD Standards of Conduct do not apply to contractor employees. With this in mind, you must take care to not:
 - Interfere in contractor-employee relations
 - Tell contractors:
 - Whom to hire, or exert undue influence over selection of employees
 - Whom to fire
 - To perform work outside the Statement of Work
 - To work prior to the obligation of funding
 - To reassign contractor employees
 - To establish specific hours of duty or to grant and deny leave requests
 - To discipline their employees



Basic Information Regarding Contractor Employees

- ❑ Professional friendships are not prohibited. However, we must act impartially, and show no favoritism or preferential treatment.
- ❑ They may cause the appearance of conflict of interest.
- ❑ Government employees cannot make recommendations and references for contractors, except when providing past performance information to other Agencies.



Gift Prohibition

- ❑ Federal employees are prohibited from soliciting or accepting gifts offered “because of the employee’s official position” or gifts offered by a “prohibited source.” A prohibited source can be a company doing business or seeking to do business with the federal government. This includes contractors...even partnering contractors. Details: Code of Federal Regulations 5CFR2635.202(a)
- ❑ The Office of Government Ethics Regulations allows you to accept gifts from a prohibited source up to a total of \$50 per year, any gifts on a single occasion must not exceed \$20 in value. For example, the face value of a football ticket (say, \$50) is the market value, so the ticket cannot be accepted as a gift. Details: 5CFR2635.204(a)



Mission Performance Assessment

- After the Contracting Officer has awarded the contract and everyone can lie back and relax until the next contract requirement comes along, right? Not quite. The Contracting Officer, with the assistance of the Contracting Officer Representative (COR), has to ensure that the customer receives the product or service at the right time and at the



- After completing this lesson you will be able to:
 - Recognize the importance of proper file documentation
 - Itemize the documents to be included in the COR's file
 - Discuss the methods of performance assessment available to the COR
 - Identify remedies for poor performance



The Importance of COR Documentation

- There is an old saying in contracting about file documentation “if it’s not documented, it didn't happen”.
 - Your documentation of events and actions concerning the performance on this contract is extremely important.
 - Provides the foundation for government action in the case of performance issues, both positive actions which support an award fee or performance incentive or negative actions that substantiate substandard performance.
 - Serves as a ready record that reflects the intent of the parties over time. It can be used to guide future actions or as support in the event of a dispute.
- The importance of maintaining complete, current and orderly files can not be overemphasized.
- When you hold discussions or conduct business with contractors, you should prepare a Memorandum for Record (MFR) of meetings, trips, and telephone conversations relating to the contract.



COR Documentation (cont)

- Each MFR, other records, or correspondence relating to the contract should cite the contract number and be maintained in the COR files. Furnish a copy of all actions or correspondence to the Contracting Officer.
- As a minimum, the COR file should contain the following.
 - A duplicate copy of the COR Appointment letter signed by the Contracting Officer
 - A copy of the contract including attachments, exhibits, drawings, and designs
 - A copy of all modifications to the contract
 - Correspondence to and from the Contracting Officer and the contractor
 - Copies of all invoices processed
 - Copies of all receipt and acceptance documents processed (DD250 Material Inspections and Receiving Report, and SF 1034 Public Voucher for Purchases and Services Other Than Personal).
 - Records of inspections
 - Samples, photographs, witness statements, and other factual data to support documentation
 - Records of all weather conditions; this is particularly important for administering construction contracts
 - Copies of progress schedules
 - Applicable laboratory test reports
 - Copies of deficiency reports
- This list is not all-inclusive; the good judgment and experience will determine what should be maintained.



Ensuring Quality Performance

- The contractor has primary responsibility for ensuring the quality and timeliness of their goods or services in meeting contract performance standards.
 - Your job will be to assess the contractor's performance to ensure it conforms to contract performance requirements.
 - Unsatisfactory performance may jeopardize a project or may directly impact an organization's ability to perform its mission.
- Practice insight...not oversight.
 - Your role is to validate the contractor's quality system, not duplicate it.



Earned Value Management for Services

□ **Earned Value Management for Services**

Depending on the type of contract and its complexity, Earned Value Management (EVM) is an excellent program management tool that integrates the technical, cost, and schedule parameters of a contract. During the planning phase, an integrated baseline is developed by time phasing budget resources for defined work. As work is performed and measured against the baseline, the corresponding budget value is “earned”. From this earned value metric, cost and schedule variances can be isolated and analyzed.

From these basic variance measurements, the program manager can isolate significant drivers, forecast future cost and schedule performance, and most significantly, construct corrective action plans to get the project back on track. EVM therefore encompasses both performance measurement and performance management. It provides significant benefits to both the government and the contractor program manager. For more information, see the DoD EVM Implementation Guide located on the COR [Community of Practice](#).



Deliverables

- ❑ You are responsible for determining whether products delivered or services rendered by the contractor conform to the technical requirements of the contract. The COR should keep in mind that, once a contractor's work has been formally accepted, the contractor is excused from further performance or correction of work that has already been accepted, should it prove to be unsatisfactory (except for latent defects).
- ❑ In some contracts, the end result or deliverable is a report, such as a study. The COR is responsible for conducting a technical review of the report, comparing it to the requirements set forth in the contract statement of work and applicable specifications. Where appropriate, you should solicit the comments and concurrence of other appropriate technical experts and/or from other affected program personnel. Any required revisions must be provided to the contractor through the Contracting Officer.



Contractors Quality Control Plan

- The contractor is responsible for contract performance. The contractor may be required to develop a quality control plan to ensure delivery of supplies and services that conform to contract requirements or otherwise rely on the contractor's internal procedures. However, the contract includes standard Government inspection and acceptance clauses that require the contractor to:
 - Provide and maintain an inspection system that is acceptable to the Government.
 - Give the Government the right to make inspections and tests while work is in process.
 - Keep complete records of its inspection work that are available for Government review.
- A contractor's quality control plan should be capable of the following key activities:
 - Monitor, measure, analyze, control, and improve processes
 - Reduce product variation
 - Measure/verify product conformity
 - Establish mechanisms for field product performance feedback
 - Implement an effective root-cause analysis and corrective action system



Key Documents for Effective Performance Assessment

- ❑ Clear, concise, performance based requirements document contained in RFP and Contract
- ❑ Contractors Quality Control Plan
 - Submitted by contractor with proposal
 - Outlines how they will ensure compliance with contract performance requirements
- ❑ Quality Assurance Surveillance Plan
 - Developed by Government prior to contract award
 - Defines what the Govt. must do to ensure that the contractor is performing IAW the performance standards in the PWS.
 - COR develops a monthly schedule of activities based on the surveillance plan and its requirements.



Quality Assurance Surveillance Plan

- ❑ Government-developed and applied document used to ensure that systematic quality assurance methods are used in administration of the contract.
- ❑ Details how and when the Government will survey, observe, test, sample, evaluate, and document contractor performance according to the Performance Work Statement (PWS). The QASP and the contractor's Quality Control Plan work together to ensure project performance standards are met
- ❑ Written concurrently with the PWS because what is written into the PWS influences what is put into the QASP. Additionally, development of the QASP will force the Acquisition Team to make sure that outputs and procedures in the PWS are measurable.
- ❑ Focuses on the quality, quantity, timeliness, etc. of the performance outputs to be delivered by the contractor, and not on the steps required or procedures used to provide the product or services. Using quality assurance controls or surveillance specified in the QASP, the acquisition team can determine if contractor-provided service meets the quantity and quality standards required in the contract.
- ❑ Critical to smooth and effective contract administration and lays the groundwork for appropriate incentives.



Indicators and Standards in the QASP

- During Mission Support Planning phase, the acquisition team can identify possible performance indicators and standards. Some indicators and standards are more important to the service being provided than others. Now, the Acquisition Team must decide which indicators and standards to use. Begin with the selection of the performance indicators for the QASP.
 - **Criticality of the process and its impact on mission outcomes**
 - **How frequently the performance indicator must be monitored**
 - **Adaptability of each indicator to overlap and check many kinds of outputs**
 - **Availability and cost of internal quality assurance manpower necessary to monitor each performance indicator**
 - **Cost of monitoring each performance indicator.**
- For each performance indicator and standard chosen, consider...



Components of a QASP

Methods of Surveillance	The mix of existing management information systems, random sampling, periodic inspection, 100% inspection and customer feedback can be specified to properly monitor performance and quality.
Sampling Guide	A sampling guide is a written procedure which states what will be checked, the Acceptable Quality Level (AQL) and how the checking will be done. Using the
Decision Tables	sampling guide, the Project Officer can accept or reject the service, based on the Acceptable Quality Level (AQL). When a service has failed to meet Acceptable Quality Level (AQL), a decision must be made as to who is at fault (the contractor or the County). A decision table
Checklists	is used for this purpose. The decision table identifies different kinds of unsatisfactory performance, probable cause factors, and the things from which these factors could result.



Acceptable Surveillance Methods

- ❑ **Random or Stratified Sampling:** With random sampling, services are sampled to determine if the level of performance is acceptable. Random sampling works best when the number of instances of the services being performed is very large and a statistically valid sample can be obtained. Stratified sampling focuses on selected parts of total contractor output for sampling. Computer programs may be available to assist in establishing sampling procedures.
- ❑ **One Hundred Percent Inspection:** Too expensive for most cases, 100% inspection is used for stringent performance requirements when safety and health is on the line.
- ❑ **Periodic Inspection, Judgmental Inspection or Planned Sampling:** This method, sometimes called "planned sampling," consists of the evaluation of tasks selected on other than a 100% or random basis.
- ❑ **Customer Feedback.** Requiring documentation and usually not a primary surveillance method, customer input is a valuable supplement to more systematic methods.



Sampling Guides

Recommended Sampling Guide Contents

- ❑ **The Performance Requirement:** This section contains data on acceptable and unacceptable performance levels and the surveillance period for the task.
- ❑ **Method of Surveillance:** Identifies the method of surveillance to be used for each task; random sampling, 100-percent inspection, periodic inspection.
- ❑ **The Inspection Procedure:** An explanation of the inspection procedure or procedures that tells what will be inspected and how.
- ❑ **The Sampling Procedure:** A description of the procedure or procedures to be used in determining the actual samples to be observed.
- ❑ **Variations:** Any variations in performance requirements or evaluation procedures allowed.
- ❑ **Lot Size:** Actual number of times the task will occur during the surveillance process. Express the lot size descriptively if the actual number of occurrences is unknown.
 - **Sample Size:** The sample size is the same as the lot size for one hundred percent inspection. For random sampling, sample size is usually calculated using standard statistical techniques.



Acceptable Quality Level (AQL)

- ❑ Defines the maximum allowable leeway or variance from a standard before the Government will reject a service.
 - Can be expressed as a number, a percentage, or a quantity per number of units inspected.
 - Does not imply that a contractor intentionally provides defective performance.
 - Recognizes that defective performance sometimes happens unintentionally.
- ❑ As long as the number of deficiencies does not exceed the AQL, the Government will accept the service. The contractor must, however, re-perform the services whenever possible.



Decision Tables

- For some or all of the performance requirements listed on the Performance Requirements Summary (PRS), it may be desirable to create a decision table to aid the evaluator in finding the source of problems identified as a result of evaluations.
- The decision table should list the symptoms of the problem and identify the possible sources of the problem as well as determine any contributing factors.
- Helps both the COR and the contracting officer in determining what action is appropriate when contract discrepancies are

If the Contractor's Deficiency is:	Probable Cause Factors/Impacting Conditions are:	Which Could Result From:	Suggested Review Procedures and/or Preventive Measures is/are:



Checklists

- Checklists are used to record what has been checked by a sampling guide. If a sampling guide is not appropriate, consider recording information in a checklist.

Contract Task or Deliverable	Contract Section	Performance Standard	Acceptable Quality	Method of Surveillance	Date Accomplished	Compliance (Exceeded, Met or Partially)
To summarize, the QASP guides surveillance after contract award. Contractor discrepancies are documented and corrective action taken.						



Inspection and Acceptance Responsibilities

- **Inspection:** means examining and testing supplies or services to determine whether they conform to contract requirements. Read your contract for any specific inspection, testing or acceptance requirements. In general inspection of supplies or services may:
 - Occur any time prior to acceptance;
 - Be announced or unannounced;
 - Not unduly delay contractors work;
 - Not include any direction to the contractor.
- **Testing:** means that element of inspection that determines the properties or elements, including functional operation of supplies or their components, by the application of established scientific principles and procedures.
- **Acceptance:** means the act of an authorized representative of the Government by which the Government, for itself or as agent of another, assumes ownership of existing identified supplies tendered or approves specific services rendered as partial or complete performance of the contract.



Acceptance (cont)

- Acceptance can occur in **two ways**.
 - Preferred - the **DFAS Wide Area Work Flow - Receipts and Acceptance System (WAWF-RA)**. WAWF-RA is a paperless system that enables contractors to create and transmit invoices electronically. Individuals authorized to accept services then receive notification of pending actions and can accomplish acceptance using digital signature.
 - Second method of acceptance is by preparing a written receiving report, normally after receipt of the vendor's invoice.
- If services do not comply with the contract, a notice of rejection should be provided to the contractor. The COR can reject services if authorized in your appointment letter. Otherwise, you must recommend rejection to the contracting officer. The rejection notice should contain the reasons for rejection and a stated time period for the contractor to reply.
- Notify the contracting officer whenever services are rejected and provide him/her with documentation on the number of observations made, the number and type of defects, actions taken to notify the contractor and any corrective actions already taken by the contractor. You can use the receiving report to document the rejection.



Acceptance (cont)

- ❑ Contractors will reply to a notice of rejection by submitting a proposal to repair or correct the deficiencies, offer to provide an adjustment to cost or price as a basis for accepting non-conforming services, or challenge the deficiency assessment. If you are authorized to reject services, you may only approve a contractor's proposed course of action to repair or correct the deficiencies. Other courses of action that require a change in the contract (a price reduction) or that result in a dispute (contractor challenges the assessment) must be forwarded to the contracting officer for resolution.
- ❑ The contracting officer will normally consult with you when considering the contractor's reply. You can provide advice on the appropriateness of the contractor's corrective action plan, the impact of accepting non-conforming services or whether or not the contractor's rebuttal is valid



Remedies for Poor Performance

- ❑ Several remedies available to address non conforming items or services
- ❑ When unsatisfactory contract performance is identified, you should notify the contracting officer promptly so that remedial steps can be taken.
 - Silence on the part of the Government could be interpreted by the contractor as acceptance by the Government of substandard products or services. Such situations could adversely affect the Government's right to withhold payments, terminate for cause/default, or otherwise exercise certain rights under the contract.
- ❑ Unsatisfactory performance can be considered in degrees, and the Government's actions can be oriented to correct the unsatisfactory performance or to protect the Government's interest in situations where performance is so poor that it could lead to the contractor's default. Depending upon the contracting officer's evaluation of the seriousness of the unsatisfactory performance, they may:
 - By letter or through a meeting, bring the particular deficiency to the attention of the contractor and obtain a commitment for appropriate corrective action;
 - Extend the contract schedule if excusable delays in performance is involved;
 - Withhold contract payments in cases where the contractor fails to comply with delivery or reporting provisions of the contract; or
 - Terminate the contract for cause/default.



Contract Administration Essentials

□ Introduction and Objectives

Proper and timely administration of a contract is the other essential element of the Mission Performance Assessment phase of the contracting process. Paying the contractor for services rendered, providing oversight of government property, and exercising options for continued performance, are all part of the administration process.

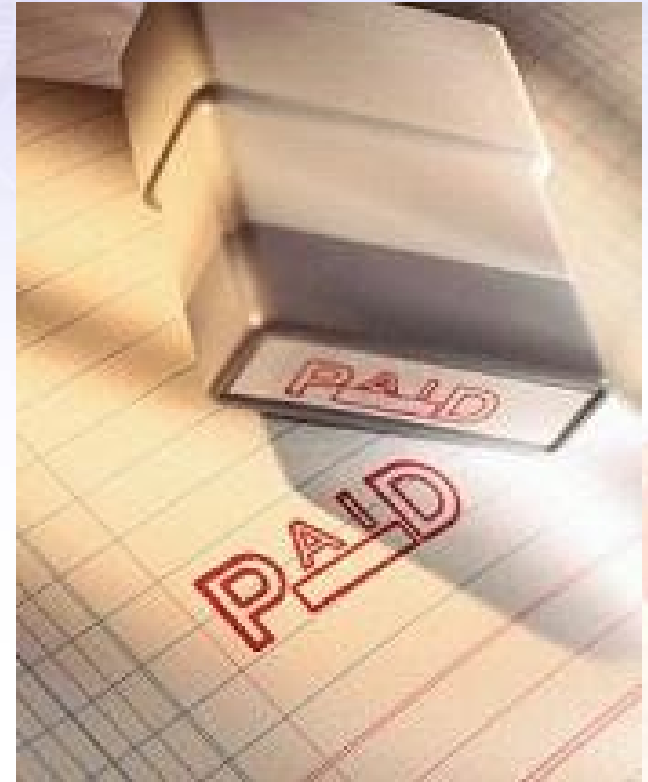
After completing this lesson, you will be able to:

- Identify proper invoice requirements
- Distinguish between a “change” and a “constructive change”
- Identify the COR responsibilities regarding Government Furnished Property



Invoice and Payment Procedures

- Cash flow is the lifeblood of any company.
 - They have bills and employees to pay and need to get the cash back from goods or services they have provided.
 - Congress has recognized this need and passed the Prompt Payment Act that specifies that if the Government can not make payment on a valid contractor invoice within a specified period of time, the government is liable to pay interest on the amount of the payment computed at the Federal Funds rate.
 - Your role in this process is to ensure invoices receive prompt attention and are reviewed for accuracy.





Terms

□ ***Invoice***

A billing statement for supplies or services accepted by the Government.

Invoice payment

Government disbursement of monies for supplies or services that have been accepted by the Government.

Prompt Payment

All solicitations and contracts must specify payment procedures, payment due dates, and interest penalties for late invoice payment. Unless specifically prohibited by the contract, the contractor is entitled to payment for accepted partial deliveries of supplies or partial performance of services that comply with all applicable contract requirements and for which prices can be calculated from the contract terms.



Invoice

- **Invoice Payment Due Date:** The later of either the 30th day after the designated billing office has received a proper invoice from the contractor, or the 30th day after Government acceptance of supplies delivered or services performed by the contractor.
- **Proper Invoice** is submitted in original and three copies and must include:
 - Name and address of the Contractor
 - Invoice date and number
 - Contract number, contract line item number and, if applicable, the order number
 - Description, quantity, unit of measure, unit price and extended price of the items delivered
 - Shipping number and date of shipment, including bill of lading number and weight of shipment if shipped on Government bill of lading
 - Terms of any discount for prompt payment offered
 - Name and address of official to whom payment is to be sent
 - Name, title, and phone number of person to notify in event of defective invoice
 - Taxpayer Identification Number (TIN), if required in the contract
 - Electronic funds transfer (EFT) banking information



Typical Invoice Problems

- ❑ Inflated/unrealistic labor hours
- ❑ Unsupported ODCs (poor description, can't tie to specific task)
- ❑ Unsupported travel costs
- ❑ Unauthorized overtime charges
- ❑ Incorrect/unrealistic labor category
- ❑ "Management" hrs disproportionate to "worker bee" hrs
- ❑ Duplicate invoice, or wrong invoice
- ❑ Math errors
- ❑ Other "pitfalls" - e.g., competing workload demands, contractor UNDER charges for something
- ❑ Wrong contract/task order number
- ❑ Wrong price (proposed vs negotiated)
- ❑ Wrong CLIN, P/N, S/N
- ❑ No POC for defective invoices
- ❑ No date
- ❑ Incorrect/missing shipment info
- ❑ No remittance address
- ❑ Negotiated prompt pay discounts not offered





Wide Area Workflow

- The 2001 Defense Authorization Act established the requirement that all contract invoicing must be done electronically. In March 2003, DoD implemented this requirement via new DFARS clause 252.232-7003.
- Envisioned to ultimately be the single DoD system for all vendor invoicing and Government acceptance actions (where required).
- Processing invoices electronically will reduce the likelihood that the Government will have to pay an interest penalty, however, it is still important for you to understand your role in processing these invoices.



Voucher and Invoice Review

- ❑ The Contracting Officer is responsible for monitoring invoice payments in accordance with the terms and conditions of the contract as well as local policy and guidance. This responsibility is usually delegated to the COR.
- ❑ Remember that payment to a contractor implies work is progressing according to the contract; therefore, you must be assured that the Government is getting what it is paying for.
- ❑ This is accomplished by monitoring contractors' performance through review of monthly reports, onsite visits, and surveillance reviews. It is vital that you review these billing statements thoroughly and in a timely manner.

Voucher and Invoice Review (continued)



- Recommending approval of a voucher or invoice implies that to the best of the COR's knowledge, the nature, type, and quality of effort or materials being expended are in general accord with the progress of work under the contract. You provide support to the Contracting Officer to ensure that payments are made for performance in accordance with the contract terms and conditions.

For Cost or Fixed Priced Incentive type contracting you will need to review the invoices for:

- Direct Labor hours
- Overtime approval
- Direct material usage
- Travel
- Variance between ordered and actual hours
- Verification of accuracy of any high expenditures

You should verify costs by reviewing

- Canceled checks
- Invoices (allowable costs for cost type contracting contracts)
- Job time cards



Change Management

- ❑ Many things can impact a contract once it has been awarded.
 - Reduce or increase quantities of supplies or services,
 - Requirement could disappear,
 - Performance levels could change,
 - Any number of unanticipated events may occur.
- ❑ A contract modification is any written change in the terms of the contract.
 - Only Contracting Officers, acting within the scope of their authority, can execute contract modifications on behalf of the Government.
 - The Contracting Officer must not execute a contract modification that causes an increase in funds required for performance without having first obtained a certification of funds availability.



Managing Change in a Contract



Bilateral Modifications used to:

1. Make equitable adjustments
2. Approve changes required by the contract
3. Reflect other agreements of the parties

Unilateral Modifications used to:

1. Make minor administrative changes
2. Issue change orders that are actually issuance of a change
3. Make changes authorized by other clauses



Contract Modifications

- A contract modification is a written alteration of the contract's terms and conditions, (e.g., work statement, period of performance, quantity, price or other conditions with the contract).
 - During the contract life, different types of modifications may be necessary to incorporate new requirements or to handle problems that develop after contract award.
 - Contract modifications must be made in writing by the Contracting Officer in order to preclude any misunderstanding between the parties concerning work to be performed.
- Generally there must be **consideration** whenever a contract is modified. "Consideration" is the benefit each party confers upon the other for the modification.
 - The requirement for consideration is such that no officer or employee of the Government may alter a contract to the prejudice of the Government unless the Government receives corresponding, tangible contractual benefits.
- **No such thing as a "no cost" extension** to the period of performance of a contract.
 - If the Government allows a long period of time for delivery, the "cost" to the Government is its right to delivery of the product or service by the date agreed upon.
 - Law requires the contractor to provide some form of consideration for the Government's giving up of that right.
 - Certain administrative changes may be made without consideration provided the contractor's rights are not affected; e.g., change in the appropriation data or a change in the paying office, etc.
- Once a valid contract is executed, no adjustment can be made to its terms merely because either the contractor or Government is unhappy with the arrangement in a general sense.



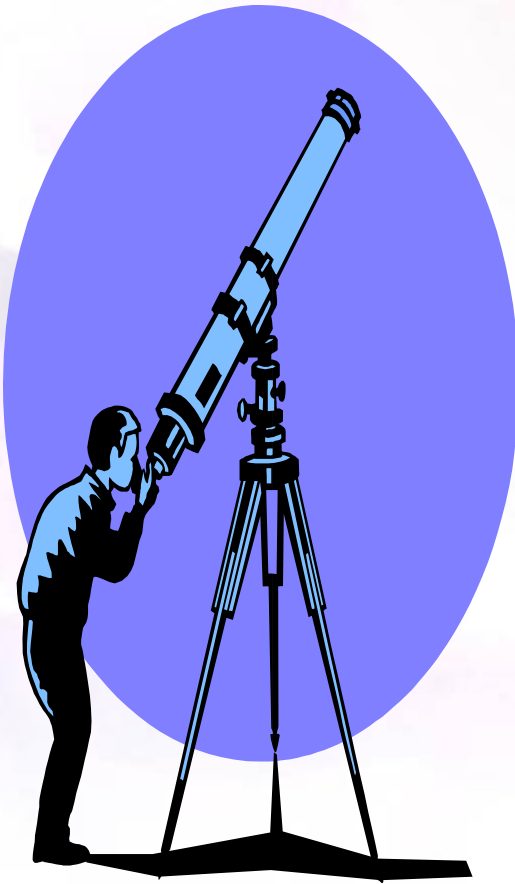
Types of Contract Modifications

Changes Clause

- “Changes” clause distinguishes Government contracts from other contracts.
 - Unlike contracts in the private sector where a company may be bound by the acts of agents with apparent authority, in federal procurement the Government may only be bound by the actions of employees with actual authority. Often disputes between the Government and the contractor occur when the Government representative who ordered the change did not have the actual authority to do so. This places the burden on the contractor to ensure that the person ordering the change has actual authority.
- The “Changes” clause provides, by written order, the CO can make any change in the work within the general scope of the contract.
 - May result also in an appropriate upward or downward equitable adjustment in the contract price, delivery schedule, or time for performance.
- *Legally*, a change **outside the scope** of the contract is a new procurement that the Contracting Officer is not authorized to order and the contractor is not obligated to perform.
- Clause provides that dispute over the equitable adjustment is a question of fact under the “Disputes” clause, and that nothing in the clause excuses the contractor from proceeding with the contract as changed.
 - This is unique to Government acquisition, allows the Contracting Officer to alter performance without unnecessary interruption and to subsequently determine the appropriate contract price adjustment.



In-Scope Changes



- A. Function of the item or service has not changed
- B. Basic contract purpose has not changed
- C. Dollar value of the change is proportionate to the price of the original contract
- D. Competitive factors are still the same
- E. Specifications or SOW changes are not extensive



Out of Scope (Cardinal changes)

Questions for determining out side the scope.

1. Does the change represent what both parties contemplated at the time of award?
2. Is the changed work essentially the same?
3. Is the nature of the requirement altered by the change?
4. Would this type of change normally be expected?
5. Were the specs. defective?





Constructive Changes

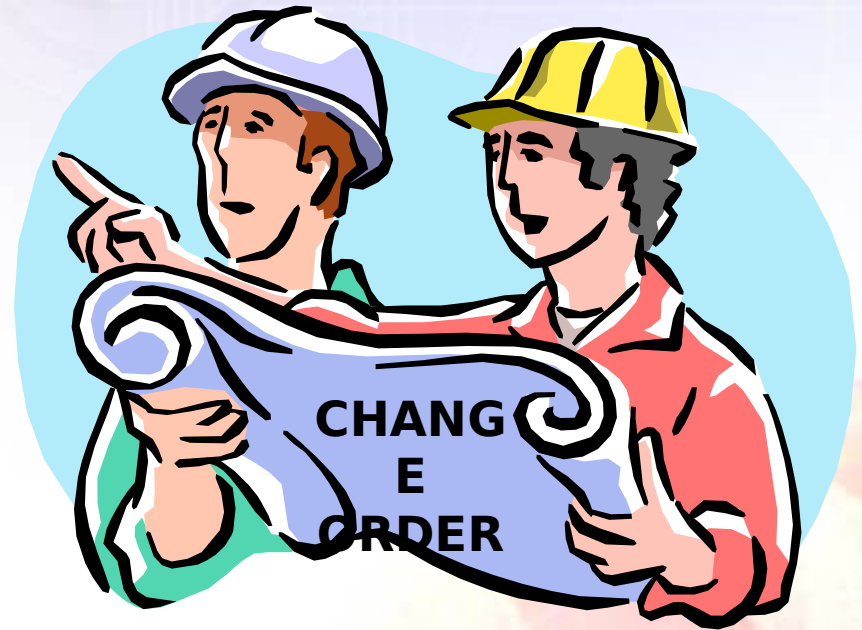
- Is an unauthorized change not expressly ordered by the Contracting Officer
- Occurs as a result of Government action or inaction
 - Communications or conduct of government officials to perform work or accept work that does not conform to contract requirements
- Changes the circumstances of the contractors performance
 - May be an issue of a protest
 - May be an issue of a dispute



Change Orders

Written order signed by the CO directing the contractor to make a change in the contract, which is allowed under the changes clause.

1. Specifications
2. Method of shipment
3. Place of delivery





Contract Options

- Ability to order additional quantities or additional periods of service beyond those established in the initial contract.
 - Pre-establish the quantity, price, and delivery schedule for these additional products or services.
 - Used when there is a clearly defined quantity or requirement for the product or service, but due to funding rules or other restrictions, the goods or services cannot be ordered at the time of contract award.
 - Prior to exercising an option, the Contracting Officer, with the assistance of the client, must determine that this is in the best interests of the government.
- The Contracting Officer must ensure that the conditions present when the original products or services were ordered did not change to a degree that would make the initial procurement strategy inappropriate.
 - Review current market prices and technology
 - Current status of the incumbent contractor to include his or her financial and management capacity
 - quality of the goods and services that are being provided.



Managing Government Property

- Normally, contractors normally furnish all equipment and material necessary to perform Government contracts.
 - It may be in the best interest of the Government to provide Government furnished property to the contractor. For example, the Government usually provides office space, computers and office furniture to contractor employees performing at the Government site.
 - When Government property is provided, the COR frequently will be asked to advise or assist the Contracting Officer in administering its use.
- As a COR, ensure that an inventory is conducted prior to signing the equipment over to the contractor,
 - Ensure that Government property is delivered to the contractor on time so as not to delay contractor performance
 - That adequate property control procedures are in effect.
 - During contract performance, report loss, damage or destruction of Government property to the Contracting Officer. Also report any incidents of unauthorized use.
- You should supervise the return of Government property upon contract completion or when no longer required by the contractor. To learn more about the categories of Government property, please visit DAU's [Community of Practice for CORs](#).



Contractor Travel

- In evaluating contractor requests for travel, the COR will assure that travel is in accordance with the performance of the contract and that the contract authorities such actions. In evaluating contractor requests for travel, as a minimum, the COR will assure that:
 - The proposed travel is essential to the effective performance of the contract
 - The contractor and any subcontractor have screened reimbursement travel to avoid nonessential participation in conferences, meetings, or conventions
 - The contractor and any subcontractors are limiting the mode of travel to the most economical method and are relating travel to production time
 - When unable to use any Government contracted carrier, the contractor and any subcontractors are making reservations for air travel sufficiently in advance to obtain business class or coach rates
 - The contractor and any subcontractors limit the cost of travel to federal per diem rates

Contract Work Hours and Safety Standards Act



- One area you may get involved with is review of the contractor's time charges, depends on the nature of your contract and your designation letter
- The Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333) requires that certain contracts contain a clause (FAR 52.222-4) specifying that no laborer or mechanic doing any part of the work contemplated by the contract shall be required or permitted to work more than 40 hours in any work week unless paid for all additional hours at not less than 1-1/2 times the basic rate of pay.
- Violations of the Act may be detected during a labor interview; a part of the interview requires the employee to divulge the total number of hours he has worked during the previous week. Contractors in violation of this contract provision must pay back wages owed the employee plus liquidated damages per day per affected employee. This amount can be withheld from monies owed the contractor under the instant contract or from any other contract that the contractor has with the federal government.



Documenting Past Performance

- Capturing contractor performance is a vital part of performance assessment process.
 - Information goes into an automated system called the Contractor Performance Assessment Reporting System (CPARS).
- Information is used as one of the key factors when selecting future contractors during the source selection process.
 - Your input to the Contracting Officer is very important in documenting a contractor's performance.
- Should mirror the contractor's performance results documented during the QASP process. This assessment is done at the completion of a contract or at intervals specified by buying agencies, and should document the contractor's record of:
 - Conforming to contracting requirements and standards of good workmanship
 - Forecasting and controlling costs
 - Adherence to contract schedules
 - History of reasonable and cooperative behavior and commitment to customer satisfaction
 - Business-like concern for the interest of the customer
- Must be objective and based on factual information and documentation



Contract Close-Out

- Contract closeout actions are primarily the Contracting Officer's responsibility, but your assistance may be required to certify that all services have been rendered in a satisfactory manner and all deliverables are complete and acceptable. Your assistance is indispensable when disputes, litigation, patent and copyright problems, etc., are involved.
- Upon completion of the contract, the Contracting Officer must ensure the following actions have been accomplished:
 - Services have been rendered
 - Articles have been delivered and accepted
 - Payments and collections have been made
 - Releases from liabilities, obligations, claims have been obtained from the contractor
 - Assignments of refunds, credits, etc., have been executed by the contractor
 - Administrative actions have been accomplished
 - Excess funds de-obligated
 - Contract file is properly documented



Phase I - Mission Support Planning

After completing this lesson, you will be able to

- Identify the procedures and elements used in planning
- Recognize the importance of competition



Key decisions during the Mission Support Planning phase:

- Create performance requirements document that captures mission performance needs and that industry can understand
- Identifying market business practices and potential sources
- Budgeting and funding sources
- Determining if a commercial item or service will meet the need
- Small business supplier opportunities
- Synthesize an acquisition strategy that leverages the best contracting



Mission Support Planning

- After completing this lesson, you will be able to:
 - Identify the procedures and elements used in planning the acquisition
 - Recognize the importance of competition



Mission Support Planning

- Advance acquisition planning is essential to efficiently acquire goods and services
 - Failing to plan is planning to fail
- Begins as soon as a new program need is identified that must be obtained outside the Government, or 2 years out from completion of the current contract
 - Driven by the acquisition teams understanding of how the requirement supports the organization mission outcomes
- Early planning also facilitates allocation and scheduling of personnel resources
 - Activities such as market surveys and pre-solicitation notices require people to execute



Defining the Requirement

- Begins when the activity realizes that an acquisition is necessary and defines, in broad terms, what this effort will entail.
 - Assessment of prior contracts
 - In-depth literature searches
 - Discussions with technical and scientific personnel, both inside and outside of the Government. These discussions may help to determine interest, scientific approaches, technical capabilities, and the state-of-the-art relevant to the subject area.
- Request for Information
 - Obtain information and capabilities from industry
 - Can not disclose advance information on any specific acquisition that would give a competitive advantage over other organizations.
- Once the concept has been formulated, it must be reviewed for program relevance, need, merit, priority, and timeliness by the appropriate management staff.
 - Often intimately connected with its budget process because these agencies use the budget process as the primary means of identifying, defining and approving agency acquisitions.



Conducting Market Research

- Purpose is to maximize the capabilities, technology, and competitive forces of the marketplace to meet an organization's needs for supplies/services.
 - CORs may be asked to assist in conducting and gathering this information that will be used to help shape the requirement and acquisition strategy.
- Extent of market research will vary, depending on such factors as urgency, estimated dollar value, complexity, and past experience.
 - This research involves obtaining information specific to the item being acquired
 - Is the item or service available in the commercial market
 - What are common commercial practices for obtaining this service or item
 - Who are the leading providers
 - Types of requirements documents, contracts, contract incentives, etc.
- Synthesizes research into a coherent acquisition strategy



Early Exchanges with Industry

- Early involvement with industry will provide the Government's acquisition team an opportunity to obtain up-to-date information on technology and market conditions and help industry to understand the Government's requirements.
 - Industry conferences or public hearings
 - One-on-one meetings with potential offerors
 - Request For Information (RFI)
 - Draft Request For Proposals (RFP)



Developing the Requirements Document

- How the requirements document is written affects the entire acquisition cycle.
 - Type of contract
 - The number and quality of proposals we receive,
 - Serves as a baseline against which to evaluate proposals and, later, contractor performance.
- It is the key element in shaping and directing all three stages of the acquisition cycle: planning, executing, and assessing

Use of a Performance Work Statement

- A PWS emphasizes outcomes to be delivered, not processes to deliver it.
 - May simplify contract administration process.
 - Interest is now focused on the acceptability of a performance outcome.
 - Application of positive and/or negative incentives is a positive motivator
- Shifts responsibility for achieving acceptable performance from the Government to the contractor.
 - This is done by allowing the contractor to devote the resources and intelligence necessary to make its own ideas work.
- For more on performance-based requirements, check out the 7 Steps to Performance-Based Services Contracting.



Concept of Performance is not New

Contract for Production of a Coat of Mail

“One coat of mail, insignum of power which will protect, is to be made by the woman Mupagalgagitum, daughter of Qarikhiya, for Shamash-iddin, son of Rimut. She will deliver in the month of Shebat one coat of mail, which is to be made and which will protect.”

Taken from clay tablet, dated in the thirty-fourth year Darius I
(488 B.C.)



Use of Performance Based Acquisitions

Significant DoD mandates relate to Service Acquisitions,

- “at a minimum, **50 percent of service acquisitions**, measured in both dollars and actions, **are to be performance-based by year 2005.**” - Under Secretary of Defense, Acquisition, Technology & Logistics (USD(AT&L)), April 5, 2000
- “to recognize the importance of service acquisitions by **treating the acquisition of services as seriously as we do the acquisition of hardware.**” - USD(AT&L), May 31, 2002



Why a Performance Based ?

- ❑ **Improved contractor performance and mission attainment**
- ❑ **Cost Savings** -15 % reduction compared to traditional SOWs
- ❑ **Improved Customer Satisfaction** - 18 % improvement
- ❑ **Better understanding of objectives**
- ❑ **Greater problem solving** creativity
- ❑ **Implements** the principles of **streamlining and innovation**
- ❑ Contractors who do well will **accrue an advantage on future solicitations** where past performance is a significant evaluation factor.
- ❑ Helps to **correct problems** commonly associated with services contracts: cost overruns, schedule delays, failure to achieve specified results, and other performance problems.



What Does "Performance Based" Mean?

Traditional SOW for Chocolate Chip Cookies:

Ingredients

1 cup butter (or 3/4 cup butter and 1/4 cup butter-flavored Crisco)
2 1/4 cups all purpose flour
1 cup dark brown sugar
1/2 cup granulated sugar
2 large eggs, beaten
2 teaspoons real bourbon vanilla extract
12 ounces semi-sweet chocolate chips
1 cup Diamond shelled walnuts
1 teaspoon milk
1/2 teaspoon water
1 teaspoon baking soda
1/2 teaspoon salt

Directions

Preheat your oven to 325 degrees (F).

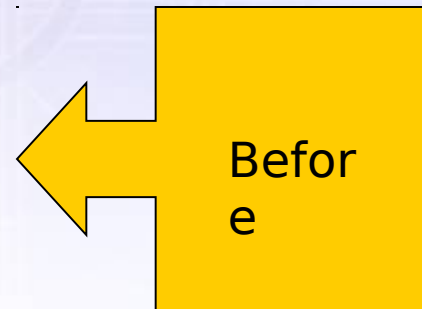
Use an electric mixer to mix sugars and butter in a large bowl. Add the other wet ingredients, mixing well. Then mix in flour, baking soda, and salt. Finally, mix in chocolate and nuts.

Place tablespoon-sized balls of cookie dough on an increased baking sheet, and cook for about 11 minutes (your cooking times may vary). The cookies will be extremely soft when removed from the oven. Carefully lift the cookies with a spatula and place them on a rack to cool.

Packaging should provide adequate moisture protection so that the cookies remain fresh and no more than 5% of the delivered cookies experience breakage.

Delivery must be made not later than 7 days after contract award, at the Washington Navy Yard, Bldg 171, on the lobby of the 5th floor.

Acceptance will be made by Program Manager and Contracting Officer after tasting a random sample.





What Does "Performance Based" Mean?

Mission Background: DAU, Ft Belvoir campus is a learning institution that incorporates a broad range of learning assets in training products and services to all AT&L organization, which consists of 134,000 members. DAU occupies five building within the Ft Belvoir Garrison command. The DAU schoolhouse has fifteen classrooms with an average population of twelve student per classroom. DAU is committed to assuring that highest degree of satisfaction from their students. Research has shown that when students are given a mid-afternoon snack they are more responsive to learning and are happier.

Performance Based SOW:

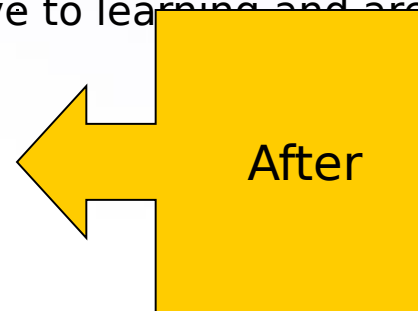
What - Chocolate Chip Cookies

When - one week from today

Where - DAU, Bldg 226, SR 3

how many - 5 dozen (60 cookies)

How well - Must taste good and not be broken



Developing the Requirements Document



Use of a Statement of Work

- The SOW describes the work to be performed or the services to be rendered
 - Defines the respective responsibilities of the Government and the contractor,
 - Provides an objective measure so that both the Government and the contractor will know when the work is complete and payments is justified.
 - The SOW defines requirements that are reasonable and necessary

Developing the Requirements Document (cont)



- **Standards** should be used to ensure uniformity of materials and products and may be found as part of a specification or a requirement in a product description. A PWS/SOW must have standards by which to measure the tasks; these standards must be measurable, realistic, clear, and unambiguous. Good standards remove the subjectivity from surveillance.

- **Quality Assurance Surveillance Plan (QASP)** details how and when the Government will observe, test/sample, evaluate, and document contractor performance.
 - QASP and the contractor's Quality Control Plan work together to ensure project performance standards are met.
 - Written concurrently with the PWS because what is written into the PWS influences what is put into the QASP.
 - Forces the acquisition team to make sure that outputs and procedures in the PWS are measurable.

Prepare the Government Budget Estimate



- The Independent Government Budget Estimate is an internal Government estimate of what a contract effort should cost
 - Considered confidential information that should not be discussed or shared with the contractor
 - Government budget estimates are simple when the requirement is for commercially available services, since they can be based upon generally available information like price lists, historic data, market research, etc.
- For complex requirements or non-commercial items, an Independent Government Cost Estimate (IGCE) is prepared.
 - Detailed analysis of the various cost elements associated with the acquisition that is used to estimate its cost or price.
 - IGCE may also be referred to as the Independent Government Estimate (IGE) or Independent Cost Estimate (ICE).
 - To learn more on how to develop an IGCE, visit the [COR Community of Practice](#).



Mission Planning Execution

Introduction and Objectives

- The Contracting Officer Representative (COR) is often identified after contract award; but your functional and technical expertise may be needed during the planning or source selection phase of the acquisition process. Because you will be a member of this acquisition team it is important that you have a basic understanding of execution phase.

- After completing this lesson, you will be able to:
 - Identify the key events of the execution phase
 - Recognize the points within the acquisition process where the potential for conducting an unfair competition is high



Phase II - Mission Planning Execution



- This phase executes the planning created in the first phase by
 - Creation of a solicitation which explains to industry our needs and explains how the government will evaluate their proposals.
 - Receive industry proposals that state how they plan to meet those needs.
 - Review and evaluate their proposals
 - Make an award determination based upon the evaluation criteria cited in the solicitation.
- Award of a contract completes the execution phase.



Soliciting Industry

- ❑ Conveys information that prospective offerors need to prepare a proposal
- ❑ Describes all the information that prospective offerors must furnish to permit a meaningful and equitable evaluation of their offers
- ❑ It must be clear, complete, accurate, and consistent with the requirements of the acquisition so that it provides all who received it with the same understanding of the requirements
- ❑ The requirements document along with Sections L and M of the solicitation, establish the principle ground rules for these acquisitions
- ❑ Requirements document states what products or services are required
- ❑ Section L tells the contractor how to develop their proposal in response to the solicitation,
- ❑ Section M clearly states how the Government will evaluate the proposal and the relative importance of each evaluation factor. Evaluation factors are generally developed in four groups.
 - Technical
 - Cost or Price
 - Past Performance
 - Other



Types of Source Selections

- In different types of acquisitions, the relative importance of cost or price can vary.
 - For example, in acquisitions where the requirement is clearly definable and the risk is minimal, cost or price may play a dominant role in source selection.
 - The less definitive the requirement, the more development work required, or the greater the performance risk, the more technical or past performance considerations play a dominant role in source selection.
- The Government uses two common approaches in source selection
 - **Tradeoffs** Allows tradeoffs between cost/price and non-cost factors which permits the Government to accept other than the low price proposal. The perceived benefits of the higher priced proposal must merit the additional cost. The rationale for tradeoffs must be documented in the source selection decision.
 - The **lowest price technically acceptable** (LPTA) source selection process is appropriate on less complex acquisitions, where the best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price.
- Because of your technical knowledge and background you may become part of the technical evaluation team assembled to evaluate contractor proposals.
 - You will be given detailed instructions by the Contracting Officer and technical evaluation team chief concerning your role and responsibilities.

Limitations on Communicating with Offerors



- Government personnel involved in the acquisition shall **not** engage in conduct that:
 - Favors one offeror over another.
 - Reveals an offeror's technical solution (including unique technologies), innovative uses of commercial items, or any other information that would compromise an offeror's intellectual property to another offeror.
 - Discloses an offeror's price without that offeror's permission.
 - Reveals the names of individuals providing reference information about an offeror's past performance.
 - Furnishes source selection information in violation of FAR 3.104-4 and 41 U.S.C. 423(h)(1)(2).



Evaluating Proposals

- ❑ All proposals submitted will be evaluated based on the evaluation factors provided in Section M
- ❑ Technical evaluation team is responsible for evaluating the technical proposals;
 - Rating them in order of merit;
 - Making recommendations to the Contracting Officer regarding clarifications needed and deficiencies identified;
 - Reviewing supplemental and/or revised offers; and,
 - Assist the Contracting Officer during negotiations.
 - Participating in unsuccessful offeror debriefings



The Debriefing

- ❑ Debriefings of successful and unsuccessful offerors may be done orally, in writing, or by any other method chosen by the Contracting Officer.
- ❑ Contracting Officer chairs the debriefing session held. Individuals who conducted the evaluations shall provide support.

At a minimum, the debriefing information must include:

- The significant weaknesses or deficiencies in the offeror's proposal, if applicable
- The overall evaluated cost or price (including unit prices) and technical rating (if applicable) of the successful offeror and the debriefed offeror, and past performance information on the debriefed offeror
- The overall ranking of all offerors
- A summary of the rationale for award
- For acquisitions of commercial items, the make and model of the item to be delivered by the successful offeror
- Reasonable responses to relevant questions about whether source selection procedures contained in the solicitation, applicable regulations, and other applicable authorities were followed



Defense Acquisition University (DAU)

Mission

Provide **practitioner training** and **career management** to enable the Acquisition, Technology, and Logistics community to make smart business decisions and deliver timely and affordable capabilities to the warfighter

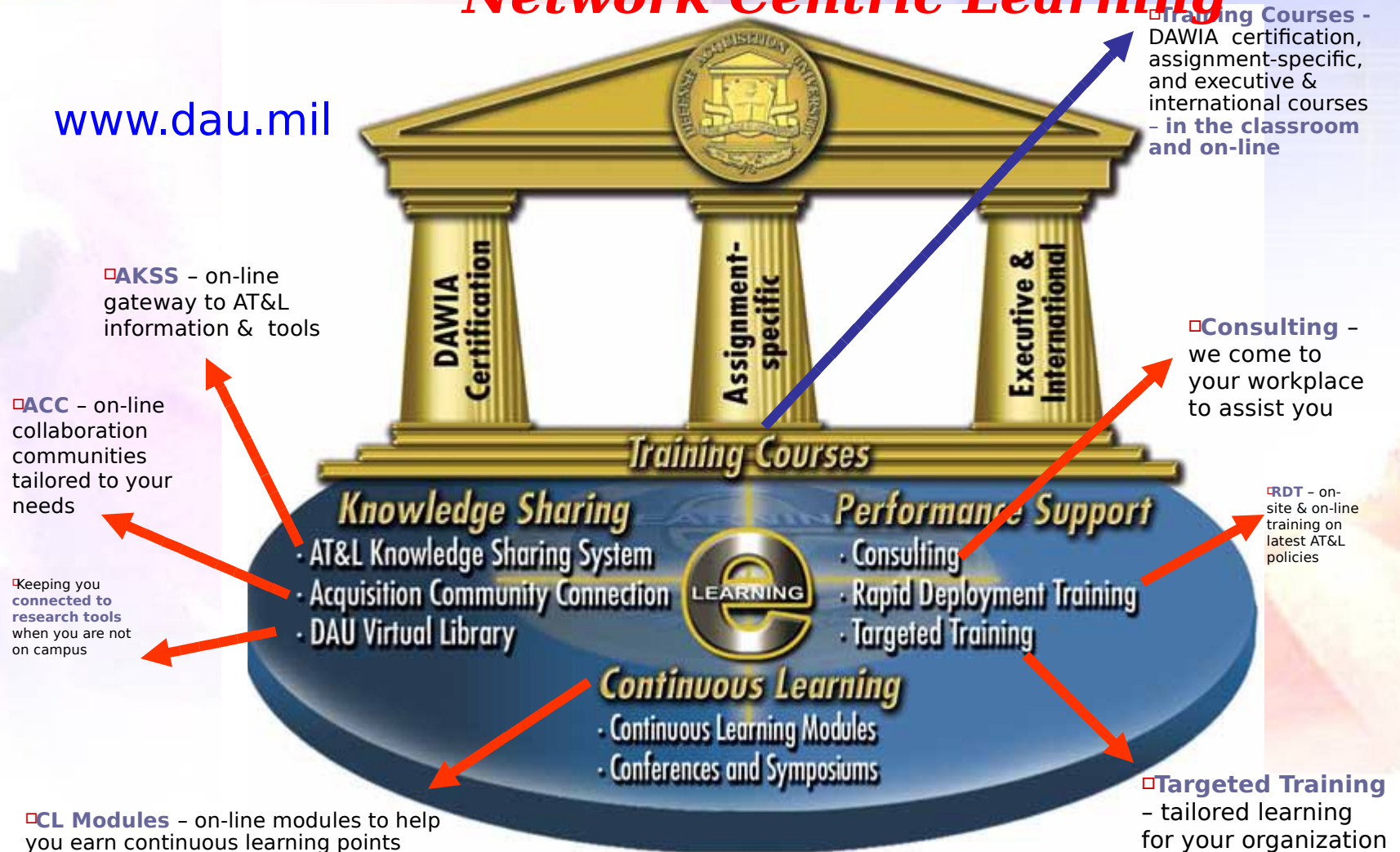




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Mission Support Contracting





Mission Support Contracting

**Course Content
Available On Line
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Policy &
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CON 110 - Mission Support Planning

- Lesson 1: Mission Support Strategy (Viewed 274 times)
- Lesson 2: Federal Acquisition Regulation (FAR) (Viewed 231 times)
- Lesson 3: Strategic & Tactical Market Research (Viewed 219 times)
- Lesson 4: Requirements Documents Strategy (Viewed 240 times)
- Lesson 5: Socio-economic Programs (Viewed 201 times)
- Lesson 6: Simplified Acquisition Methods (Viewed 214 times)
- Lesson 7: Competition Requirements (Viewed 204 times)
- Lesson 8: Characteristics Of Best Value (Viewed 207 times)

Forum

Hot Topics



COR Community of Practice



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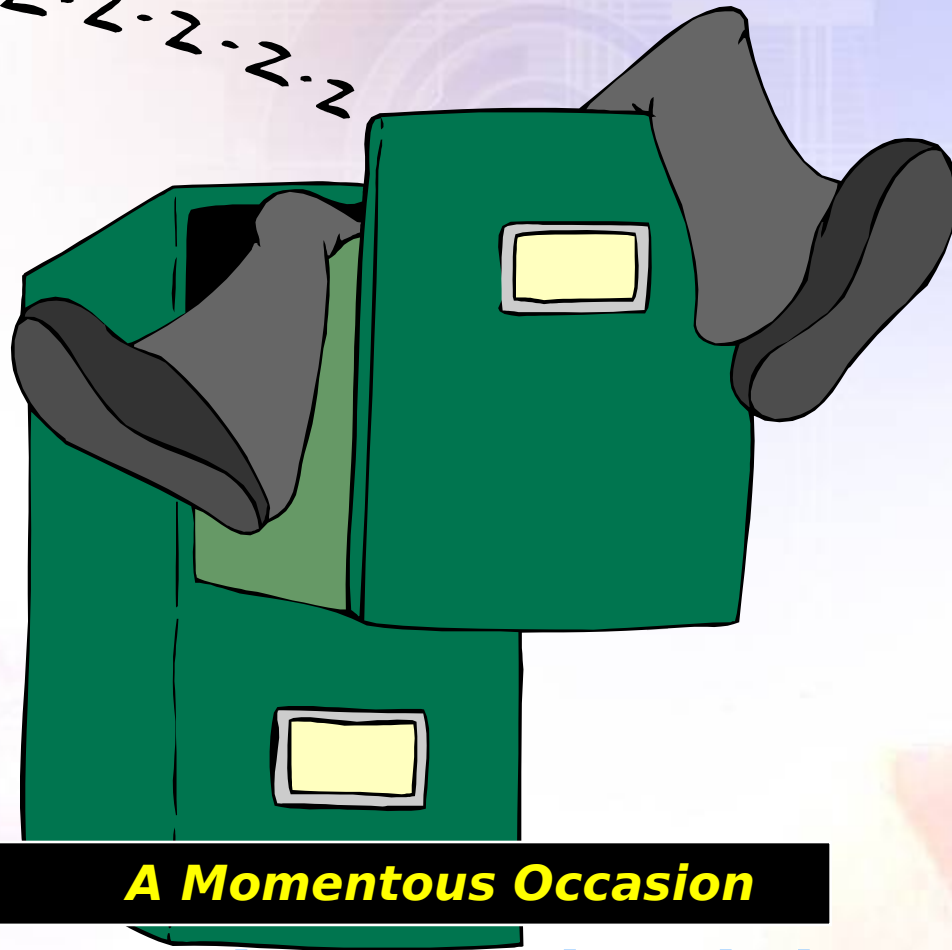


DAU Offers

- ❑ New COR on line training course scheduled for Mid Nov
 - COR Community of Practice on Acquisition Community Connection
- ❑ Your location classroom COR training
- ❑ Your location PBSA training
- ❑ EVMS training on line
- ❑ New Program/Project Start-up Workshops
- ❑ How can we help?



Z-Z-Z-Z-Z



A Momentous Occasion

Take a Break.... Be back in 15.